Dog Days of Summer

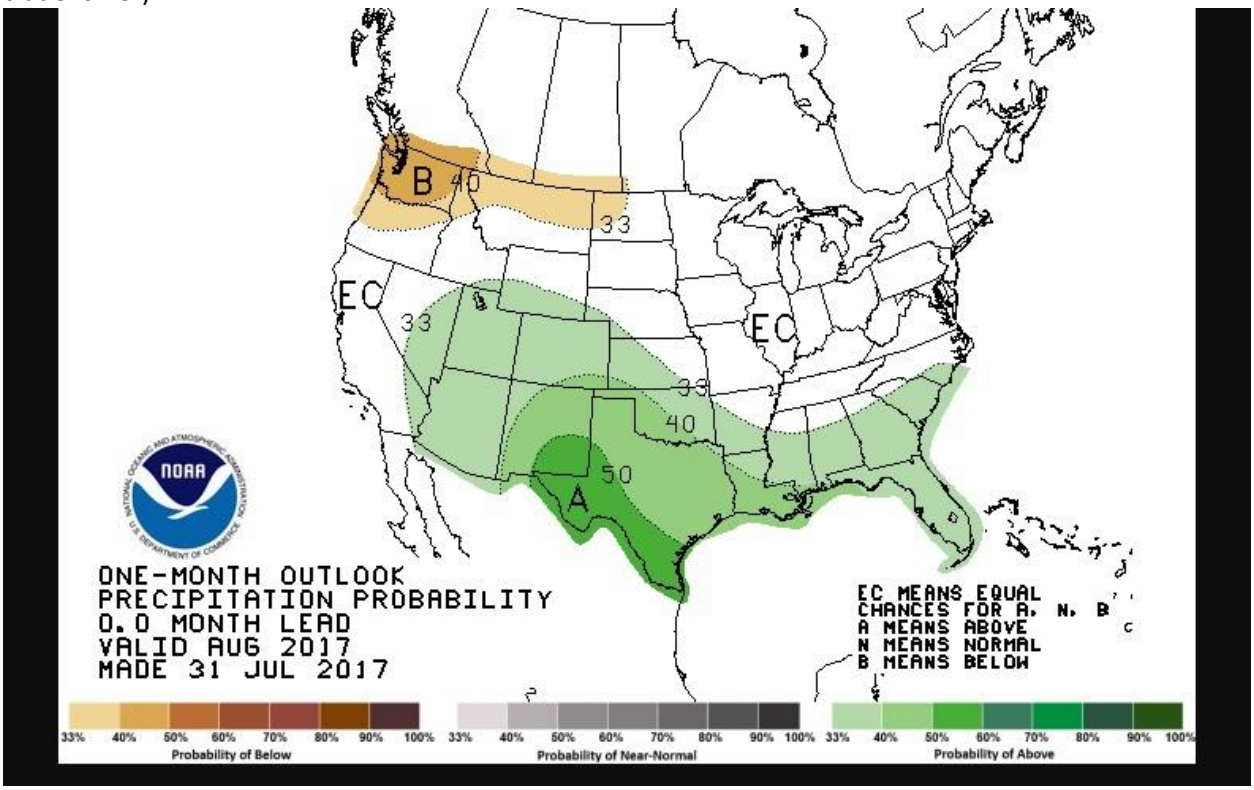
Dog days

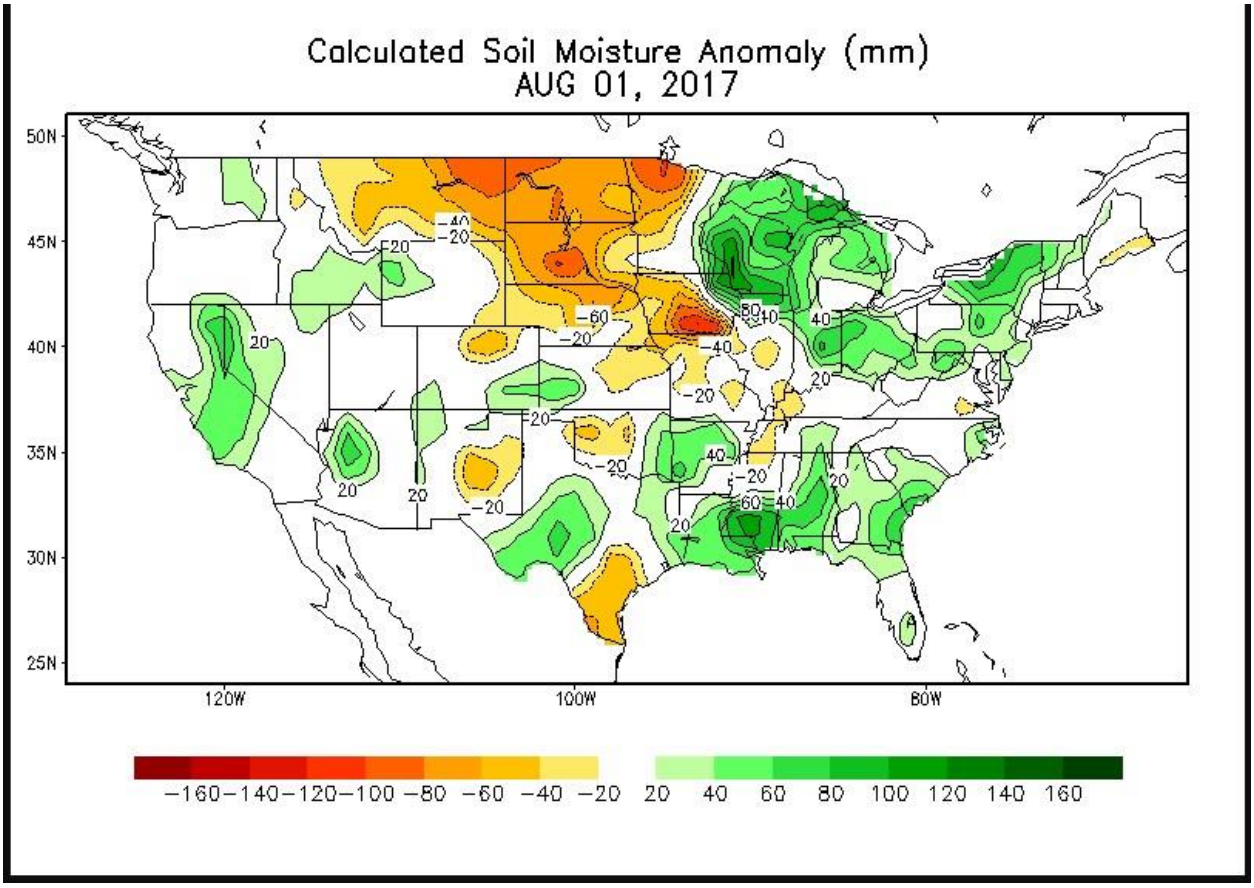
From Wikipedia, the free encyclopedia

This article is about the weather-related phrase. For other uses, see Dog Days (disambiguation).

The **dog days** or **dog days of summer** are the hot, sultry days of summer. They were historically the period following the heliacal rising of the star Sirius, which Greek and Roman astrology connected with heat, drought, sudden thunderstorms, lethargy, fever, mad dogs, and bad luck. They are now taken to be the hottest, most uncomfortable part of summer in the Northern Hemisphere.

I am not a huge fan of Wikipedia due to it's widely document inaccuracies, but in this case they summed up what I wanted to talk about today. You are probably thinking…"you're a bit late to describe the weather the past few weeks". Well my use of this phrase is more in line with how traders are viewing the impending corn harvest. Producers are generally more cautious about what their harvest will look like, while traders are quicker to develop their bias and trade it. Right now we are "past the most risky part" of the growing season and now "looking at the finish line". Traders are defending their individual bias about the total production. So "dog days" comes to mind for me as they wait for new information. Soybeans have been deflated as well. August makes beans, but most bean fields look good…across the nation. We will continue to trade a weather market for beans, but we will need continued dryness through august in large parts of the Midwest to convince the market to trade higher (or possibly not trade lower).





US Dollar Weekly Chart – Starting 2014. Still approaching May 2016 low.

General

HOUSEKEEPING NOTE – We rolled to the Nov 17 in old crop soybeans. Added 2018 soybeans.

Other housekeeping – Charts will be looking a little different moving forward. New software. Note the new colors in the key.

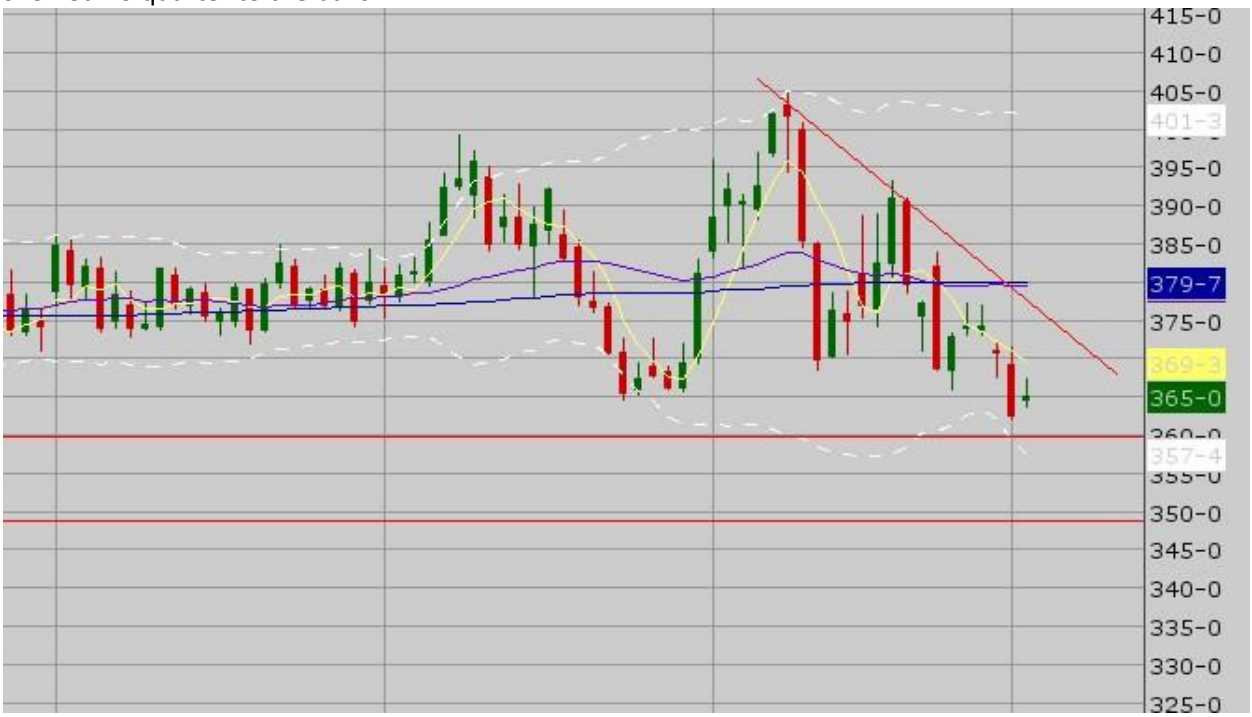
USDA report – **August 10th** **-** Market will be looking for production estimates here.
Keyword's this week – Weather, tip back, tip back is not as bad, tip back is worse, corn yield estimate, beans looking good while corn is hurting.

Futures Comments and Targets

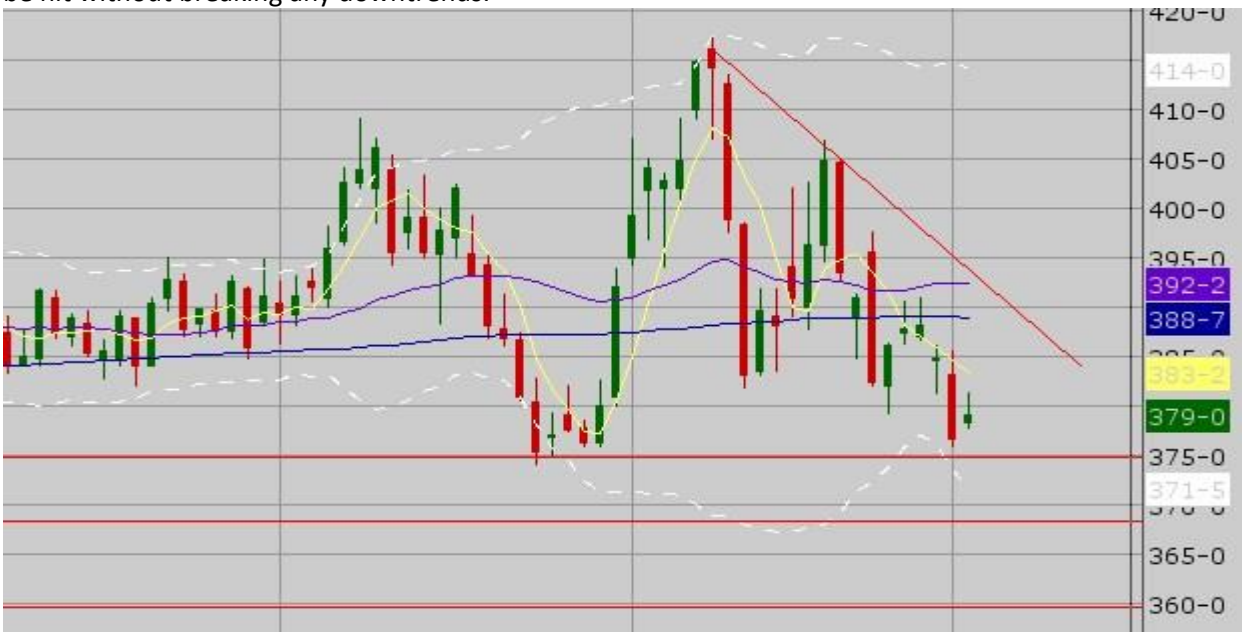
Nov 17 Soybean Daily Chart –Downtrend respected. Closed below 200 day SMA. Feels like weak support at $9.70 to retest downtrend resistance at $10.05 area. Rain might be enough of an excuse to test and close at $9.58 gap (circled).

Nov 18 Soybean Daily Chart – 200 SMA becomes support at $9.67, if not gap circled at $9.62. Resistance is downtrend line at approximately $9.99.

Sept 17 Corn Daily Chart – Corn made up its mind and went lower since our last update. Now we are looking at support from Sept 16 @ $3.60 and $3.49. It is driving a wedge lower but could test the downtrend at $3.74. Traders will also have to decide if they are comfortable pushing past post-harvest 2016 lows to the downside. South America has put up some good corn export numbers that have showed no quarter to the bulls.



Dec 17 Corn Daily Chart – Dec corn futures has support $3.75. That was tested 6/23 and back in December 16. Feels like it should be firmer than Sept futures. Again, trade will have now have to ask are they that comfortable with the crop. If not $3.68 and then $3.60 become the test. $3.87 area could be hit without breaking any downtrends.



Sept 17 Wheat Daily Chart – Wheat gives me heartburn. More bearish news here… Broke uptrend support and crossed the 200 day moving average white circle. Air is out of the balloon and we will see if $4.57 holds. If not $4.40 is the support.

July 18 Wheat Daily Chart – Time is on our side in this market. If you made sales at near the high it could be a call buying opportunity…a lot can change in a year!

Chart Legend

Simple moving averages (SMA)

SMA 5 day – light yellow, SMA 25 day - Purple, SMA 200 day – blue.

Upper and Lower Bollinger Bands – Dashed white

Trend lines – Red

Support and Resistance – Red

	Futures Price Targets			Support		API
Sept 17 Wheat	$ 4.81	$ 4.93	$ 5.07	$ 4.57	$ 4.40	$ 0.28
July 18 Wheat	$ 5.49	$ 5.62	$ 5.95	$ 5.34	$ 5.26	$ 0.23
Sept 17 Corn	$ 3.74	$ 3.82	$ 4.03	$ 3.60	$ 3.49	$ 0.14
Dec 17 Corn	$ 3.87	$ 3.95	$ 4.06	$ 3.75	$ 3.68	$ 0.14
Nov 17 Beans	$ 10.05	$ 10.13	$ 10.27	$ 9.58	$ 9.50	$ 0.30
Nov 18 Beans	$ 9.99	$ 10.17	$ 10.27	$ 9.67	$ 9.62	$ 0.30

Futures Price Targets are technical points of resistance that a particular futures contract has created as it has traded. Typically these are previous highs or lows. They can also be points created by tracking various daily moving averages (30,60,90 day averages), simple trend lines, and numerous other methods for establishing trends.

Support is a technical point of resistance for a declining market. They are determined the same way as the Futures Price Targets, but serve as a potential floor to market movement.

AgMark Pricing Index (API) is a measure of volatility that can be used to establish an upper and lower trading range. The larger the number, the wider the range. API is an average of weekly trading ranges. It can be used to gauge how long it may potentially take to reach a price target. For example, if an API is $0.10, there is a higher chance of that futures contract to trade $0.10 higher or lower in that week. So, if you are waiting on a $0.20 move up (or down) it is more likely it would take 2 weeks in an upward (or downward) trending market than 1 week.